Rogowski, Jon

From:	Higley, Stephen D. <sdhigley@marathonpetroleum.com>
Sent:	Monday, August 06, 2018 8:20 AM
To:	Rep.Kuglitsch
Subject:	Support for ALEC Model Resolution on CAFE
Attachments:	Background on ALEC CAFE Resolution.pdf

Rep. Kuglitsch – I hope you are doing well, and I look forward to seeing you in New Orleans this week!

As you may know, the EEA Task Force will be considering a model resolution on the current Administration's process to review and revise the Obama Administration's fuel economy mandates for passenger cars and light trucks (generally referred to simply as the "CAFE" program – Corporate Average Fuel Economy).

This process to reconsider the existing CAFE standards is important, as there are significant concerns about the existing standard's potential negative impacts on vehicle safety, cost, and consumer choice. Further, the CAFE program itself was established in 1975 in direct response to the Arab oil embargo and concerns over fuel scarcity – a narrative that clearly no longer applies, given that the United States is now poised to become a net energy exporter and will soon be the largest oil producer in the world. A government mandate that imposes unrealistic constraints on American consumers' fuel use and vehicle purchasing decisions is both unwise and unnecessary, and does not represent good policy. Therefore **MPC is strongly supportive of the model resolution on CAFE standards that will be considered at the Aug. 9 EEA Task Force meeting.**

I thought you might find the attached one-pager on the model resolution and the CAFE program helpful as you consider the resolution next week. Thanks for your consideration, and please feel free to call or email should you have any questions or if there's any additional information I can provide.

Best regards,
Steve
703-581-5672

Resolution in Support of the Reconsideration of Corporate Average Fuel Economy (CAFE) Standards

The current Administration has begun the process of revisiting the previous Administration's federal fuel economy mandates for passenger cars and light trucks (commonly referred to as CAFE standards). This is occurring 1) to allow the "mid-term review" process for those standards to occur as originally intended (and subsequently circumvented by the Obama Administration) when the standards were created, and 2) to ensure concerns such as vehicle safety, cost, and consumer choice may be fully considered.

Under the previous administration, "One National Program" was created under which three separate agencies – the U.S. Department of Transportation, the U.S. EPA, and the California Air Resources Board (CARB) – were given joint jurisdiction over our national fuel economy standards. Under this construct, a mid-term review (scheduled to occur in 2017) was built in to give regulators an opportunity to revisit and, if needed, revise the standards.

However, in the waning days of the Obama administration, EPA prematurely and pre-emptively conducted its own assessment of the portion of the standards under its jurisdiction, and concluded that the existing regulations – which mandate increasingly stringent and ultimately unattainable fuel economy standards for passenger cars over the next several years – should remain in place. This was a political effort to short-circuit the mid-term review process and force the current Administration to keep the existing fuel economy mandates in place.

In 2017, the current Administration announced its determination to put the mid-term review process back on its original schedule. Accordingly, DOT and EPA have just released a proposal to reconsider the existing standards and revise them to consider such stakeholder and consumer concerns as vehicle safety, cost, and consumer choice.

The model resolution before the EEA Task Force expresses support for this reconsideration process.

Reconsideration of the existing fuel economy mandates will allow DOT and EPA to address concerns including:

- **Safety.** The Department of Transportation estimates that revising the current standards will save up to 1,000 lives annually through reduced accident fatalities resulting from consumers' greater ability to purchase safer vehicles.
- **Cost to consumers.** According to the National Auto Dealers Association, the existing mandates under the CAFE program would cause the price of an average vehicle to increase by $3,000 in 2025. The Heritage Foundation concluded that repealing the mandate would save 2025 car buyers at least $7,200 per vehicle. These significant increases in the average price of a vehicle are a hidden regressive tax on American families, pricing millions of consumers entirely out of the new car market, especially the poor. Under a more realistic standard, more Americans will be able to buy newer, safer cars.
- **Consumer choice.** The fundamental question associated with this mandate is clear: Who should decide what cars and trucks consumers should buy, consumers themselves or unelected bureaucrats in Sacramento, California and Washington, D.C.? The current mandate compels automakers to design vehicles for regulators, rather than consumer preferences.
- **Inefficiency.** As originally created, Congress authorized one regulator, the U.S. Department of Transportation, to carry out the program. Today, three different regulators — DOT, EPA, and the California Air Resources Board (CARB) — are responsible for implementing the federal mandate under three different laws using three different standards. The EPA and CARB programs should arguably not exist at all; the EPA program is duplicative of the CAFE program, and the CARB program is preempted under federal law, which was ignored by the previous Administration.
- **It's a relic.** What started as a mandate in the mid-1970's to reduce foreign imports of oil was changed by the previous Administration to an environmental mandate. Its foundational assumption — that oil is becoming scarce and needs to be rationed by the government — has proved false. The entire mandate is a relic of the narrative of scarcity. The United States is now poised to become the largest oil producer in the world and a net energy exporter.
- **Federalism.** It is contrary to federalism to tolerate an approach in which one State (in this case, California) has a unique and disproportionate impact on the creation and implementation of a national standard. If there is to be one national standard – and in this instance, that makes the most sense – then it should be set by the national government.